



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

March 25, 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE
SECRETARY

APR 24 '96

RECEIVED

The Honorable Bud Cramer
U. S. House of Representatives
236 Cannon House Office Building
Washington, D. C. 20515-0105

Dear Congressman Cramer:

Thank you for your letter regarding the Commission's policies for licensing 800 MHz Specialized Mobile Radio (SMR) systems. In your letter, you express concern that the Commission's proposals in the Further Notice of Proposed Rule Making (Further Notice) in PR Docket No. 93-144 will adversely affect operators of smaller SMR systems. In particular, you express concern about the proposed auctioning of already licensed spectrum and the timing of the rulemaking because of the furlough and weather conditions.

On December 15, 1995, the Commission adopted a First Report and Order, Eighth Report and Order, and Second Further Notice of Proposed Rule Making (First Report and Order) in PR Docket No. 93-144. The First Report and Order was adopted after consideration of extensive comments from all segments of the SMR industry, including comments from numerous small SMR operators. The Commission's decision also reflects months of work by Commission staff with SMR industry representatives in an effort to achieve consensus on key issues. As a result, the First Report and Order contains numerous provisions and proposals that are responsive to the concerns of existing SMR operators and those operating smaller systems, in particular. These include giving incumbent licensees greater flexibility within their existing service areas, allowing small businesses to pay auction bids in quarterly installments over the license term, and a proposal to designate the "lower 80" and General Category channels as an "entrepreneurs' block" for which only small businesses would be eligible. For your convenience and information, enclosed is a copy of the Press Release concerning the First Report and Order, which includes a summary of the principal decisions and proposals made.

The Commission's decision to auction 800 MHz SMR spectrum is consistent with Section 309(j) of the Communications Act, which sets forth certain criteria for determining when auctions should be used to award spectrum licenses. Pursuant to these criteria, auctions are to be used to award mutually exclusive initial licenses or construction permits for services likely to involve the licensee receiving compensation from subscribers. The statute also requires that the Commission determine that auctioning the spectrum will further the public interest objectives of Section 309(j)(3) by promoting rapid development of service, fostering competition, recovering a portion of the value of the spectrum for the public, and encouraging efficient spectrum use. The Commission has concluded that auctioning of SMR licenses satisfies these criteria. In particular, we believe that auctions will minimize administrative or judicial delays in licensing, particularly in comparison to other licensing methods such as comparative hearings, lotteries (which are specifically prohibited by the statute if the service

is auctionable), or "first-come, first-served" procedures. We note that the statute does not distinguish between new services (such as Personal Communications Services) and existing services in terms of whether initial licenses in a given service are auctionable.

Significantly, however, the Commission's decision to use auctions applies only to issuance of initial licenses in the service, and is not intended to affect rights afforded to licensees under existing authorizations. While we recognize that the high level of existing licensing in the SMR service raises additional concerns, we believe auctions are an appropriate licensing mechanism in such an environment. First, auctions will only be used in the event that there are competing applications for the same license. Second, where auctions do occur, we have adopted special provisions, including installment payments, designed to ensure that small businesses are able to compete in the auction and in the provision of SMR service.

With respect to the timing of the rulemaking, the Commission released an Order on January 16, 1996, extending the comment and reply comment periods in the proceeding. The deadline for filing comments was extended from January 16, 1996 to February 15, 1996, and the deadline for filing reply comments was extended from January 25, 1996 to March 1, 1996.

Thank you for your inquiry.

Sincerely,

A handwritten signature in black ink, appearing to be 'Reed E. Hundt', written in a cursive style.

Reed E. Hundt
Chairman

Enclosure

BUD CRAMER
5TH DISTRICT, ALABAMA

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE

COMMITTEE ON SCIENCE

REGIONAL WHIP



UNITED STATES
HOUSE OF REPRESENTATIVES

*PRB
aluminum
pyromys
PV
REP*

236 CANNON BUILDING
WASHINGTON, DC 20515-0105
(202) 225-4801

403 FRANKLIN STREET
HUNTSVILLE, AL 35801
(205) 551-0190

737 EAST AVALON AVENUE
MUSCLE SHOALS, AL 35661
(205) 381-3450

MORGAN COUNTY COURTHOUSE
Box 668
DECATUR, AL 35602
(205) 355-9400

TOLL-FREE INFORMATION LINE: 1-800-551-3536
EMAIL: budmail@Hr.house.gov

January 11, 1995

214

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Dear Chairman Hundt:

I am writing to express my concern with the Federal Communication Commission's proposals to auction frequencies that are already licensed in the Specialized Mobile Radio (SMR) bands (861-866 MHz) and with the agency's treatment of the small businesses currently using those frequencies.

Although Congress mandated auctions for unlicensed spectrum, Congress has not authorized the FCC to auction this portion of the spectrum which has already been licensed. Loss of this section of the frequency will cause severe financial hardship to small businesses in northern Alabama and across the Nation which provide mobile radio services to public safety agencies and other commercial businesses.

I understand that in December the FCC noticed a 30 day rule-making under Docket #93-144 relating to those small business currently using the spectrum. Besides my concern with the treatment of issues relating to these small businesses both before and during this rulemaking, I am also concerned with the timing of the rulemaking. With the furlough and the severe weather, those seeking to respond have been unable to contact your agency. Questions and issues concerning the rulemaking have gone unanswered.

I would respectfully request that you extend the response period for 60 more days to provide an opportunity for my constituents and any others interested in these issues to respond fully. I would also appreciate you providing me an update of your activities concerning these issues.

Sincerely,

Bud Cramer
Member of Congress

BC:ppf

CW

Congressional

Due OBC 2-2

CONGRESSIONAL CORRESPONDENCE TRACKING SYSTEM

01/19/96

LETTER REPORT

CONTROL NO.	DATE RECEIVED	DATE OF CORRESP	DATE DUE	DATE DUE OLA(857)
9600214	01/19/96	01/11/96	02/15/96	02/13/96

TITLE	MEMBERS NAME	REPLY FOR SIG OF
Congressman	Bud Cramer	REH

CONSTITUENT'S NAME	SUBJECT
personal view	inquiry re: auction proposal

REF TO	REF TO	REF TO	REF TO
PRB	<i>CW</i>	<i>Noel Ford</i>	

DATE	DATE	DATE	DATE
01/19/96	<i>1/22/96</i>	<i>1/30</i>	

REMARKS:



Chairman's Congressional Coversheet

FCC Control Number: 9600214

Senate/House: ()

Subcommittee Member: ()

Incoming: Congressman Bud Cramer

Due Date:

Subject: The Commission's policies for licensing 800 MHz Specialized Mobile Radio (SMR) Systems.

Background: Congressman Cramer expresses concern over the Commission's proposal to auction frequencies that are already licensed in the SMR Systems.

Outgoing: Details the commission's First Report and Order in the 800 MHz SMR proceeding, with a particular emphasis on treatment of small systems.

Bureau: WTB

Surname Div./Br.: Commercial Wireless Division

Prepared by: CWDivision Author	Cleared by: J. Halprin	Cleared by: D. Furth	Cleared by: G. Vaughan	Cleared by: M. Farquhar	Cleared by:
Initial & Date	Initial & Date	Initial & Date JH for DF 3/13	Initial & Date RISA 3/18	Initial & Date JH 7 3/18	Initial & Date

OLA/Chairman's Office

Initials & Date

Cleared by OLA	Cleared by Milkman	Cleared by Nakahata	Cleared by Genachowski	Cleared by Levin	Cleared by
MSK 3/22	JEC 3/22				